Signing and Co-signing Contracts

Here are some words of advice when considering signing a contract. A contract is a written document between you and another person or business which stipulates what has been agreed upon. A contract is legally binding and is often difficult to break without serious repercussions. Typical contractual agreements include property rental agreements or the purchase of an automobile.

**General rules for signing a contract**

**Signing a Contract**

Before you sign a contract, do the following:

- Understand the contract before you sign it.
- Don’t sign if there are blank spaces.
- Add any new promises or agreements that are not originally stated in the contract.
- Make any necessary changes before signing.
- Get an original copy of the completed and signed and keep it in a safe place.

1. **Understand the contract**

You have the right to understand a contract before you are asked to sign it. If there is something you don’t understand, ask for an explanation. If you have doubts about a purchase, go home and think it over. Don't be pressured into signing before you are ready. Statements that you must purchase today to get a good deal may not be true.

2. **Never sign a contract with blank spaces**

Cross out any blank spaces and any statements that do not apply to your purchase or rental agreement.

3. **Get all promises in writing**

If the seller has promised you something, make sure that it is written in the contract. If the seller won’t put it in writing, don’t sign. Promises a salesperson makes should be written in the contract.

4. **Make changes on the contract before signing**

If you want to add or delete something to the contract, do it before you sign.

5. **Get an original copy for your records**

Get an original copy of the contract when you sign it. Don't let the seller tell you that a copy will be mailed to you later.
6. Canceling a Contract

It can be very difficult to cancel a contract once you sign it, unless both parties agree.

You have a right to cancel a contract in the following situations:

- The seller lied about the product or service.
- You never got the product.
- The contract, or the law, allows you to cancel it within a certain time period.

Renting an Apartment

Once you’ve found an apartment or home that’s right for you, the next step before moving in will be signing a lease. Always read your lease agreement thoroughly; don’t worry that you’re keeping someone waiting as you read every word. And be sure to pay attention to the following items before you sign on the dotted line:

- **Lease length and rent increases.** It’s important to know when your lease agreement starts and ends and if there are special conditions for moving in and out, such as restrictions on elevator use and moving truck parking. Also, be sure to find out what happens when the lease end date arrives. If the lease can be extended, you’ll need to know for how long and whether or not rent increases will take effect. Take note of how much notice is required if you should need to break the lease.

- **Deposits.** Most leases include up-front security deposits, often equaling at least one month’s rent. Some also require additional deposits for move-ins, pets, damage and other items, so be prepared for what you’ll be expected to pay up front.

- **Rent payments and late fees.** You’ll need to know where to send rent payments and on what day of the month they’re due. Many agreements include a grace period (often five days) during which rent payments can be made after the deadline without being late. You may also want to check if payments can be made on-line. Make sure you know what the late fee is ahead of time so that you’re prepared to cover the cost if you’re late on a payment.

- **Property management and repairs.** Some buildings have property managers or maintenance representatives who should be contacted when repairs are needed, while in other units the tenant is expected to locate and hire service people. Landlords usually cover the cost of replacing major appliances and for parts and service, but in some units the tenant is responsible for those costs. Take note of whether or not there is a service expectation for repairs – will they fix within 24 hours or 7 days, or what? What are the hours for the maintenance people? Is there a fee for emergency service? What about lockouts?

- **Utilities.** Find out whether or not the cost of utilities such as gas, electricity and water are included in the rent or if you’re expected to cover those costs. Also, check on whether or not cable TV is included in the rent.

- **Subletting terms.** In the event that you or a roommate need to leave the unit before the lease’s end date, it’s important to know whether or not the agreement allows you to sublet the space to a new renter.
• **Property examination.** Make sure you’ve done a thorough examination of the apartment or house prior to signing. Ensure that all appliances, faucets, plumbing and electrical outlets are in working order and that doors and windows open, close and lock. Also, look for any existing damage and be sure to document any damage in the rental agreement or damage assessment form. This will help if there are any disputes about damage later on.

• **Save a copy.** After signing the lease, make sure you keep a copy on file. Try to re-read the lease periodically so that you remain familiar with all of the terms in the agreement.

**Co-Signing a Contract**

Sometimes, people without good credit may ask you to co-sign a contract so they can buy something or get a loan.

Think twice before you co-sign for someone else. If you co-sign, you are responsible for the entire debt. This means you will have to pay the full amount if the other person doesn’t pay, even if you did not receive the goods or services.

Before you co-sign for someone who is not your spouse, the business must give you a notice that you will be responsible for paying the debt if the other person doesn’t pay.

If the transaction is conducted in Spanish, the contract and the notice must also be in Spanish.

If the other person does not pay the debt, you can be sued and your wages and property may be taken.

A creditor does not have to try to collect from the other person before going after you. You may also have to pay late fees and collection costs.

If the debt is not paid on time, it will go on your credit report.